

## Accounting Strands within Texturing Process of an Entrepreneurial Firm

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### Abstract:

*This paper reports an ethnographical study to bring an understanding on the emergence of an entrepreneurial company and to understand how accounting taking place in that emerging process, using an interpretive methodology. This study may provide two benefits. It leads to an illustration of an ethnographical study on organisational accounting, while providing a meaningful understanding on accounting as social and organisational practices. This study becomes significant as we have known very little about the organisational nature of accounting practice especially within Indonesian context. Moreover, there is a claim that knowledge about accounting in a context of entrepreneurship is almost non-existent.*

**Keywords:** *ethnographical study, interpretive accounting research, accounting strands, entrepreneuring process*

THIS paper reports an ethnographical study to bring an understanding on the emergence of an entrepreneurial company and to understand how accounting taking place in that emerging process, using an interpretive methodology. This study may provide two benefits. It leads to an illustration of ethnographical study on organisational accounting, while providing a meaningful understanding on accounting as social and organisational practices. This study becomes significant as it enhances our understanding on the organisational nature of accounting practice particularly within Indonesian context, so that it also contributes to interpretive accounting research literature.

From the perspective of entrepreneurship research, this paper also has its significance. Olson et al (no year)'s study aiming to understand the current state of studies on entrepreneurship and accounting, concludes that knowledge about accounting in a context of entrepreneurship is almost non-existent. By referring to the "Handbook of Entrepreneurship" of Sexton and Landstrom (2000), Olson et. al claims that accounting seems not to be an important issue in entrepreneurship research. In the Handbook, no chapter has involved accounting as an issue, which is worth to study in order to improve understanding of entrepreneurship. "At the same time entrepreneurship seems to be avoided in the accounting literature", Olson et. al continues. Olson et. al's review on the annual conferences of American Accounting Association or European Accounting Association shows that no conference in the 90s have had focus on accounting in the context of entrepreneurship nor on start-up companies.

Moreover, in his thesis submitted to the *University of Manchester Institute of Science and Technology* on a re-examination of the Wedgwood archives, Mickleburgh (1998) also argues that the role that accounts, accountant and accountancy might have played in the emergence of organisations have been subjected to very little investigation. By citing up Hopwood (1987), Mickleburgh reminds that in such investigation, one needs to probe into the wider organisational and social origins of accounting instead of just looking for technical rationality.

Meanwhile, from the view of promoting accounting research in Indonesia, this paper may have its contribution as it introduces an interpretive research which stands at different methodological position with one in the mainstream accounting research.

In this article, social interaction in the entrepreneuring process that leads to a construction of an entrepreneurial firm participating in this study would be described. It is followed by an inscription on the emergence and the implication of accounting within that process. Therefore, this paper intends to make "accounting more visible" (Morgan & Willmott, 1993). Prior to these two issues, however, sessions on methodology, entrepreneurship, and entrepreneuring process of the participating company are preceding.

### Methodology

As this study concerns on how accounting emerges together with the emergence of the participating company, it will adopt a methodology that could appreciate accounting as a social practice while do not consider accounting and organisation as variables that their relationship has to be hypothesised. This study seeks to understand an entrepreneuring process that leads to the emergence of the participating company while also looking for a description on how accounting emerges and implicated in that process. The process is social, in which social interactions occur between emerging entrepreneurs and others within that emerging entrepreneurial firm. The analysis will then that of what the entrepreneurs do and how they make sense of what they do, followed by questioning how accounting taking place in that process.

Therefore, a methodology that will be able to frame and inform this study is one that lies in an interpretive philosophical tradition. Interpretivist accounting research focuses on how the process of the social interaction occurs in the organisation and how accounting is implicated in the process. Accounting here is regarded as a social invention rather than a rational reflection of calculative and technical reality (see Burchell et al. 1980, Covalieski and Dirsmith 1990, Preston and Young 2000, Warren 2005, Merino 1993). An expectation is that an interpretivist study will be able to contribute to a call to increase our knowledge on the organisational and social nature of accounting or the interplay between accounting and its social and organisational circumstances.

Empirical interpretivist research actually has been in the accounting literature since the late of 1980's. Covalieski and Dirsmith (1988) studies a budgetary negotiation process between a state university and its state government. Budget in this process appears to be a product of a political game, as the budgeting system represents vested interests between the parties. Similarly, Czarniawska and Jacobson (1989) expose that the budget has been used to demonstrate that a commitment to a technical rationality is there in order to reduce the level and amount of internal conflict. Capps et al. (1989) and Dent (1991) have come to understand that new emerging accounting practices have played an active role in creating the organisational cultures. More recently, Mustafa (2006) ethnographic case study of the *Employee Commitment Fund*, a Malaysian organisation, has concerned on "knowing-how and knowing-about" the way Malaysians understand accounting treatises. Mustafa then has been able to inscribe an understanding that accounting practice is subjected to the State ideology.



As this paper is about an ethnography study, the author needs to go to natives listening to the people within the participating company in order to search for understanding social interaction taking place in the entrepreunering process of the participant (Geertz, 1993a, 1993b). The participating organisation is a bottling water company listed in the Jakarta Stock Exchange since 1989. The Company, started-up in 1974, is the first in the bottling water industry of Indonesia and recently is still a main player in the market. For this ethnographical work, the author spends more than three months, five days a week, observing daily life of the natives including attending managerial meetings except ones at the top level management. The field work includes also intensive meetings with key actors who are known as the founders of the company. A close relationship established during the field work with the accounting department people has contributed very significantly.

### Entrepreneurship

The notion of "entrepreneur" has long occupied the organisational or sociological literature. Prior to Joseph Schumpeter's *Theory of Economic Development* (1934), which is claimed as the most comprehensive theories of entrepreneurship, there were two different approaches to the notion (Wilken, 1979). The first one concentrated on defining specific entrepreneurial functions or roles. Knight (1921) for example described entrepreneurship primarily as risk-taking. The other approach was more general, involving a number of scholars well known to sociologists, such as Comte, Marx, and Sombart. For them, the analysis of entrepreneurship was secondary to the description of the rise of capitalist. Weber (1968)'s analyses of the significance of the Protestant ethics for entrepreneurial emergence is a classic example

Schumpeter brought in a new perspective as he built an argument that innovation is a distinguishing factor for entrepreneurs. For him, entrepreneurship is the *persona causa* of economic development (Herbert & Link, 1988 and Brockhaus & Haorwitz 1985). Schumpeterians' studies on entrepreneurship focus, then, on examining entrepreneurs' psychological characteristics and cultural and social background of entrepreneurs (Greenfield & Strickon, 1981 and Sexton & Bowman, 1985) which were perceived as influential factors in the outcome of ventures.

Schumpeterians studies often couples ideas of entrepreneurship with the perspective of a product (Olson et. al no year). The idea of entrepreneurship is also mostly coupled with the early phases of the lifecycle of a product. The coupling to a product and the early phases of the life-cycle of the product are two important reasons why start-up and growing companies so often selected as focuses for empirical studies in entrepreneurship.

Such Schumpeterians' studies usually provide generalised principles of the relationship between economic factors and entrepreneurship. Within these traditions of pre and post-Schumpeterians, entrepreneurs are defined independently of their ground, that is, companies. Unfortunately, the resultant knowledge has been of limited value since a number of things to do and number of different situations is endless (Bouwen & Steyaert, 1990). The separation of entrepreneurs and their organisational contexts also results in a simplification of entrepreneurs to a simplistic notion of "superiority" such as super-innovator, super risk-aversion, and super-leader.

I, however, believe that entrepreneurs and their organisations are not separated. They are "in the same universe of discouse" (Holmes, 1990, p. 198). With this perspective, the account of the entrepreunering process will be historical, though as far as the production and reproduction of entrepreneurship are concerned, the emergence of both entrepreneurs and entrepreneurial firms is inclusive.



## Entrepreneurial Process as Text(uring)

To describe the story of this ethnographic study, I need to use an analogy coming from not physical manipulation, i.e. organisation as machine or quasi-organism, but the contrivance of cultural performance, as Geertz (1993b, p.23) maintains that

the recourse to the humanities for explanatory analogies in the social sciences is at once evidence of the destabilization of genres the rise of the "interpretive turn", and their most visible outcome is a revised style of discourse in social studies". The instruments of reasoning are changing and society is less and less represented as an elaborate machine or quasi-organism and more as a serious game, a sidereal drama, or a behavioral text.

Here, I would like to use Cooper and Fox's metaphor of "organising as texture" (1990, p.575). As a cultural performance, texture here is viewed analogously as a weave or web of interacting elements that resists operational definition. This metaphor brings a feeling of "a processual weave, a sense of actions, passions and politicality which gave it an interconnectedness and texture" (Fineman & Hosking, 1990, p.573).

The key to understand texture, a product of weaver's art, according to Cooper and Fox (1990, p. 576) is the idea of "connectedness in action": the feature of an endless series of relationships which continually move into each other. By referring to Pepper (1942), it is written by Cooper & Fox (p.576) that

As we analyse a texture, we move down into a structure of strands and at the same time sheer out into its contexts. A button is thus never reached. For the support of every texture lies in its context. This support is as extensive as you wish, but you never reach the end of it (p.250). There is no top or bottom to the contextualistic world (p. 251).

Mapping entrepreneurship into texture means to direct attention to the entrepreneurial process in which "connectedness in action" is achieved through social interactions. Thus, an entrepreneurial firm is "woven" through the process of social interaction.

Like strands of a texture, the action of an individual actor provides contexts for another individual action. At the same time, actors to some extent choose contexts in which they expect others to share values similar to their own. It is in this way that actors in entrepreneurship created a degree of social order which enables them to act in relation to one another (Hosking & Fineman, 1990). Thus, an individual action is a contributing detail in the texture of entrepreneurship. However, such a strand reaches out into a context and brings some of the quality of the context into the texture (Pepper, 1942, p.247). The study of entrepreneurship, therefore, has to be contextual in its description, since the horizontal thread of a weave constitutes a 'warp' only in relation to the vertical thread, the weft (Hosking & Fineman, 1990, p. 584).

Another theme associated with the language of texture is "complexity". Just as a weave has many features at one time, so may the social action and relationship through which entrepreneurship is performed be described in many ways (see Hosking & Fineman, 1990). Thus, the 'texture of entrepreneurship' is not one thing to all people all the time. The texture of entrepreneurship is also complex because social process has an emergent quality such that what emerges from interactions is often something different from the inputs of each party. Actors actively attempt to deliberately influence other actors to accept and implement particular descriptions of social order.

## Texturing of the Participating Company

The existence of bottled drinking water in Indonesia is credited to a person, just call Mr. K, the founder of the participating company. It is him who did introduce the business of bottling drinking water



while at that time one may get drinking water for free. On account of his success in the business, an article in *World Executive's Digest* (1992) has called him as an "entrepreneur's entrepreneur".

Mr. K arrived at the idea of bottling drinking water when he noticed that a lot of foreigners visiting Indonesia often experienced stomach discomfort. At that time, early 1970s, Mr. K was working for a state owned company. Those visitors believe that such pains were due to the poor quality of the drinking water they got during in Indonesia. Due to "bad handling" such water is sometime contaminated. For some people, it is enough to give them stomach pains. It is because of his ability on changing that situation into a successful business that Mr. K has been credited as "an entrepreneur".

Mr. K took his idea to his brother in-law, Mr. L. "Do you know about bottled drinking water?" Mr. K asked Mr. L, as the author was told Mr. L. "Yes, I have seen it in Bangkok," Mr. L replied. However, it was nearly a year after that conversation that they decided to start the business. Mr. K. was very confident that the market for the products was already there.

Mr. L. who actually was running his own business, committed himself to begin to realise the idea. However, neither man knew how to produce such a product. The technical problem was emerging. Mr. K. however, introduced Mr. L to one of his Japanese colleague who then introduced Mr. L to a producer of bottled drinking water in Bangkok. Mr. L could organise a plant visit to that company, from where he gained his initial "technical knowledge" of the manufacturing process of bottling water. From Bangkok Mr. L then flew to Singapore where he gathered information about suppliers of the kinds of machineries he had seen. Mr. L. told me that it took nearly half a year to find a prospective supplier of the machinery.

Mr. L. then discussed his "invention" with Mr. K, and they agreed to go ahead. To go any further Mr. L needed to prepare an investment proposal. Mr. L told me that "I had no experience at preparing one, but if I went to consultants I was confident that I would know this kind of industry better than them". Mr. L said "I just played with numbers in order to forecast sales and investment so these figures would be convincing."

When the license for the proposed investment was granted, Mr. L reported to Mr. K that they were ready to start the business. Mr. L said that he still could remember that he said to Mr. K "we are ready to buy machines and bottles, but what we shall do if nobody wants to buy our water?" According to Mr. L he raised this question in order to get moral support. However, he was upset as Mr. K answered that "if you want to do that, just do it, if we cannot sell them let us break the bottles together". Mr. L, later on, realised that it was Mr. K's way of encouraging him.

Mr. L, at the time machinery was being ordered, invited his relative, Mr. M, who was a production supervisor of a big biscuit company, to join. Mr. L told in an interview that he chose Mr. M because he was familiar dealing with machinery and a trained mechanic. From that time, Mr. L and Mr. M worked together; searching for deep wells, and setting up the plant. While Mr. L and Mr. M were the main actors in realising the business, Mr. K was still working for the state owned company.

In 1974, the company launched the first production. Mr. L and Mr. M both went to hotels as well as shopping centres to market the product. What they were actually do was 'creating a market', instead of selling it in the market. Mr. L said that the retailers were reluctant to sell the product, saying "why we should sell water for which people could get for free". It was true as restaurants provided drinking water for free although they had to boil the water. Facing this situation Mr. L told me that "we taught people about what bottled drinking water is, why people should consume that, why the traders should sell it".

The efforts to establish a market for the product were successful. However, until 1978 the company was still at loss. At that time, Mr. K gave Mr. M and Mr. L an ultimatum that if at the end of the year the business was still at loss "we just close the business". So, they then attempted to work out how they

could reverse the situation. They believed that "we are selling our product too cheap." They then increased the selling price three fold. Surprisingly, with new selling prices, the sales volume increased drastically and the company reached its break-even point.

The reaching of the break-even condition made the three main actors more confident that their business was going in the "right direction". Since then, the sales volume has grown tremendously. To promote the business more intensively, Mr. K, in 1978, resigned from that state owned company and then lead the managerial team of the company. Mr. K held the position as the President of the Company up to 1989. When it was going to be listed on the Jakarta Stock Exchange, then the presidency was granted to Mr. M. Recently, the Company has welcome a strategic investor a multi-national company with its world-wide product in food and beverages, but Mr. M remains at the top.

### Understanding the Texturing Process

There are two themes arising from the above previous narrative. The first is the origin and extension of Mr. K's individual *motivation*. The foregoing story shows that Mr.K's motivation to establish the business resulted from his sensitivity to a particular environment, that is, a lot of foreigners get stomach pain due to un-healthiness of drinking water. However, according to symbolic interactionist perspective of Berger and Luckmann (1967), although there may be other persons facing a similar environment, those persons may not necessarily have the same sensitivity as Mr. K. There should be "a situated identity", which is the master organiser of the person's sensitivities (Hewitt, 1991, p. 134). At that time, Mr. K was not only an executive in that state-owned company, but also running his own business. Thus, Mr.K's sensitivity may result from his talent in business which forms his situated identity.

We can see in the foregoing story that the transfer of Mr. K's drive into a social network is a social construction process. It is a discursive process in which a personal belief that "stomach pains" could mean a business opportunity is then extended into an organisational belief. In this discourse individual identities of speaking subjects and their immediate surrounding environment are implicated. Mr. L's acceptance of Mr. K's belief was made possible not only by Mr. K's access to the business information, that is, potential markets, but also by a common knowledge amongst Indonesian business that at that time the Indonesian Government strongly encouraged domestic as well as foreign investment. Through this process of transfer, entrepreneurial motivation extended and a social network started to emerge. The entrepreneurial motivation through a continuous social process became the drive for setting-up the business. For Mr. L, Mr. K's reply to his concern that maybe no body would buy the products reinforced his self-confidence that the business would be successful, while Mr. K was prepared to take a risk with it.

It was through this discursive process that the belief "we are in the right business" was shared equally amongst the three main actors. Why Mr. L? Although I was not told specifically about that, the personal identity of Mr. L may be revealed. He is one of Mr. K's step-brothers. We can imagine that when they are at family gatherings they could not stop from talking about their business. It was through such communication, the idea was steadily constituted to become the business drive. It is this drive which later clearly becomes the thing that forms the "causal-functional integration" (Geerts, 1993a, p.145); the thing that "keeps the [social] system going". Why, then, was it extended to Mr.M? I was told by Mr.M that once a time, Mr.L visited his father-in-law just for a regular visit, but Mr.L told to the host the he was in need of a working partner to start the business. Mr. L was than suggested to contact Mr. M.

The second theme emerges is organisational technical competence. This occurs in the discourse of the Company's entrepreneuring when Mr. L wants to realise Mr. K's idea but none of them was



technically competent in the manufacturing process required. The story reveals that technical knowledge of the manufacturing process is "the first pool of assets" of Aqua, or is called "the genetic pool" (Bouwean & Steyaert, 1990). Having been successful in developing his competence in this kind of knowledge through visiting the Bangkok producer, Mr. L, however deeds Mr. M. They then, together with their co-workers, are involved in a collaborative process transferring the genetic pool to a "dominant logic"<sup>1</sup> (Prahalad & Bettis, 1986). The dominant logic reflects Mr. K., Mr. L, and Mr. M conceptualisation of the business and critical resource allocation decisions (Bouwean & Steyaert, 1990). The launching of the first product provides a legitimization for the dominant logic.

The belief that "customers are there already", which initially is a part of the dominant logic, is now being tested. Instead of "marketing" the products, Mr. L and Mr. M have to create the market. Here, they have to act more as educators, "teaching" people about "healthy drinking water" than as sales persons. This challenge constitutes their "new" competence that is marketing field. This new competence modifies the dominant logic. This process of modification, in dialogue with the organisational motivation continues. When faced the fact that the firm had been operating at a loss for nearly four years, and that they could not afford this any longer, they started to evaluate their pricing strategy. Again a new logic emerges: "When we offer low price, we value the products less. People will be reluctant to buy "cheap" water, as cheap means low quality. This new logic again modifies the previous dominant logic, which then reinforced or justified by the surprising increase in sales volume.

From the foregoing analysis, we can see two continuing processes, the production and reproduction of the social network and task domain. We call the first process as the 'weft' and the second the 'warp'. The organisational dialogue between these two processes of 'weaving activity' creates a particular organisational texture. In the Company, the dialogue between the entrepreneurial competencies and the entrepreneurial motivation is woven tightly. Mr. L and then Mr. M, who already shared the strong personal motivation of Mr. K, have shown their enthusiasm, with which spirit they have woven the organisational motivation into their personal competencies construing the texture of the Company. Indeed, this weaving process is a kind of social interaction in which Mr. L, M, and Mr. K were the main actors. The interaction also is contextual and inherently complex, composed of interconnected activities with continuously changing patterns (Peeper, 1942, p. 233). To understand what I mean by the contextuality of weaving, let me cite Pepper:

A texture is made up of strands and it lies in a context. There is, moreover, no very sharp line between strands and context, because it is the connections of the strands which determine the context, and in large proportion the context determines the qualities of the strands. But by way of definition we may say that whatever directly contributes to the quality of a texture may be regarded as a strand, whereas what ever indirectly contributes to it will be regarded as context (Pepper, 1942, p.246)

In the case of the Company, the two strands are personal motivation and individual competence. In the weaving of the motivation into the competence, both move (forward or maybe backward) to form the

<sup>1</sup> "Dominant general management logic" is the notion proposed by Prahalad and Bettis (1986) which refers to the way in which managers conceptualise the business and make critical resource allocation decisions – be it in technologies, product development, distribution, advertising, or in human resource management. This logic is a product of the managers' interpretations of experiences regarding the operation of the firms.



organisational texture. The personal motivation moves to reach other actors of the network. The movement actually is a social interaction process through which the motivation is tested and adapted by the actors. Mr. L, Mr. M, and Mr. N as main actors in the early period share the motivation after taking carefully "personal testing" in the sense that they want to join with Mr. K's idea as they can believe that the idea is promising. The same account also applies to the recruitment of co-actors.

Here, the story revealed by Mr. O may be relevant. Mr. O joined the Company in 1976, specialising in marketing. Now he is a senior manager, and was granted Hajj travel fund in appreciation of his contribution to marketing. He told me that what has made it possible for him to remain with the Company was not salary, especially in the earlier period, but his belief that the business would be prosperous. The continuing growth of the business provided evidence for him that he was right. The co-workers joining the business motivation constitute a joint action. The organisational society consists of this extended linkage of joint action.

At the same time and in accordance with same pattern, personal competence has also been exchanged amongst the main and co-actors. The story tells us that such an exchange runs without conflict in the Company. It is made possible by the fact that in this process the main actors not only bring their motivation but also dedicate their original competence. Their competence was not only extended to each other but was also enriched. The operation of the manufacturing requirement that they always have to improve quality of the products, has meant they have had to increase their competency. For example, a new container design has to be invented, or a plant layout has to be reorganised. This continuing process of 'moving' constitutes the task domain of the emerging entrepreneurial firm.

In the weaving of personal motivation into personal competency, despite the constituent moving of entrepreneurial motivation and competence, there is also a process of dialogue between the two. What is unique in the Company is that both the entrepreneurial motivation and competency belong to the same people. Therefore, the dialogue process could be said as a 'self-dialogue'. Through the dialogue the main actors define the situations they have in which they assemble objects, meaning, and others (eg. organisational goals), and act toward them in a coherent and organised way (see Hewitt, 1991, p. 91). In the Company's early years, all actors were very aware of their situation and its configuration of meaning. As Mr. O has told me that:

We were like a family. Everyone did something he/she can, nothing to do with job description and salary. The production people were not only making the products but also selling them. The only thing we cared was how we could sell the products.

As the actors define the situation, they structured the situation in terms of roles. Here, a role is 'an organised set of ideas or principles that people employ in order to know how to behave' (Hewitt, 1991, p.94). Thus, a role is 'a perspective from which conduct is constructed' (Hewitt, 1991, p.95). Familiar with the situation and defining the role structures associated with them, the actors gain capacity to understand the actions of each others and to make senses of those actions. This perspective will enable us to understand why there is now a discourse amongst the members of that the sophistication of the Company's manufacturing process is credited to Mr. M, while Mr. L is called as the "sales aide" of the Company.

The weaving process of the Company simultaneously reflects the pattern of relationships within the Company. In other words we may say that the process of role-making is also that of order-creating. This process creates and recreates social collectivisation, which constitutes the work of organising (Weick, 1979). It is also through this process that the Company's actors negotiate and enact a sense of social



order which may be seen as an adequate guidance to the use of 'knowledge' (i.e. organisational competencies) and to the conduct of human affairs.

The use of 'texture' as a metaphor in narrating the historical account of the emergence of the Company produces a story that accounts for the dynamic process of the interaction between entrepreneurship of Mr. K and the contextual situation shaping him in the construction of the Company. We can see that in the story that in the weaving process of the texture of the Company, accounting was absent. The absences of accounting was both in production and reproduction of the social network and of the task domain. There is no actor who has or brings competency in accounting in to the weaving process. The texture of the Company has been tightly woven by the entrepreneurial motivation and the actors' competencies in production technology and marketing.

### Accounting Practices at the Early Years of the Company

As the story appears above, the anxiety of Mr. L and Mr. M was for the production of new products and the creation of their markets. At that time, although soft-drink industry was common, buying plain water was something even unimaginable for most Indonesians, except for those who used to travel to overseas. Under these circumstances, the internal organisational discourse was dominated by the technical issues of production and marketing. Meanwhile, accounting practices, which were tackled by non-accounting background office clerks, were just on financial recording of purchases and selling. Pricing, however, was just judgemental: "how much was the reasonable price which encourages people to buy" was more important than an accurate calculation of product costing. There was also no need to think whether proceeds would be able to recover the investment, since for Mr. K "if nobody wants to buy the products, let us just break the bottles."

During 1974-1978, the business was uncertain in the sense that Mr. M was still "learning by practising" how to bottle drinking water. Together with 38 workers, Mr. M had run the plant and "all things at that time were trial and error" according to Mr. M. Everyday, they looked for best production practices while there was no official standard for this kind of production. Works therefore were viewed as a technical affair with no formal plan. Discourse on the production side was dominated by technical topics especially by quality control related issues such as quality of containers, water source and cleanliness. Within such discourse, written communication was not common. There were no formal records in the production floor as well as no formal structure amongst the production employees, while everybody did everything. Mr. M's house was on the plant site where he stayed with his family, and the workers were recruited from the local area. At any time Mr. M might present in plant to check everything. Mr. M recalled that production was just run two or three days a week for just five or six hours a day. Since the workers were local people, uncertainty in working hours was not problematic.

Meanwhile, Mr. L as the general manager as well as marketing manager was busy trying to open markets. He had to "keep the production running" through selling the products. As the wholesalers or retailers were not sure whether they would be able to sell the products, most of the transactions were on consignment basis. However, he was successful in opening markets all over Jakarta city. The fact that Mr. K, as the owner was ready to get nothing from the business created a helpful circumstance for Mr. M and L since they felt free to be innovative. e H

However, after four years in the business, they came to realise that so far the business had been in loss. What was meant by loss was "our proceeds were less than our expenses". Unfortunately, it was



impossible for me to get access to the archives of financial records, and the accounting clerk was no longer in the Company. Therefore, I could not trace how they defined revenues and expenses. However, with such a simple "calculative machinery of accountancy" (Miller, 1994), they were able to locate that the company had far too long been making a loss. Here, that simple accounting system was a provision of numbers which made sense of the business activities. A dramatic increase in the selling prices was then settled upon, as Mr. M, Mr. L and Mr. K concluded that the loss was due to the price being too low.

In order to set the new price, there was no need to look at the cost data and to question the reliability and the accuracy of the records. Instead, "together with Mr. K, we did market observation, and then we came to a decision to raise up the the price by 200%, making the price triple," Mr. M said. Mr. M continued "surprisingly by that price our sales volume increased drastically, instead of decreasing, and we were no longer in loss." This experience leads them to understand that a lower price was not always good, as the customers may see in cheaper price lower quality.

The result was the sales volume of 1980 doubled that of 1979. This growing in sales continued and markets was spreading geographically. This fast growth made Mr. K sufficiently confident to differentiate the products. Without doing any investment analysis, in 1981, the Company introduced new products, that is, a plastic container for 1500 ml, and in 1982 for 625 ml. This innovative investment resulted in a tremendous growth in sales volume. With the small plastic containers the products could reach more customers, while previously for the glass containers customers were mostly restaurants and hotels. The products then became widely popular. Although several other brands are also in the market and bottled water grew as an industry, the Company leads the industry.

Within this fast growing period, attention was paid to the advancement of production and marketing. Mr. M initiated the replacement of well water sources with spring water one. In order to find such a spring water sources, no surveyor was hired. Mr. M lead the survey by himself, to find one in a rural area of Sukabumi, West Java. A survey was also done in order to find appropriate sizes of containers and their designs. A laboratory was set up, and in 1983 a food engineer was hired to be in charge in the laboratory with the main task of controlling the quality. The development in the production site was indeed followed by the marketing. The advantage of the spring water compared to the well water was dramatised through advertising programs, and it was claimed that the Company was the first to use spring water, and that is true. The vocabularies of "spring water", "mountain", "natural", "unpolluting" then emerged in the advertising discourses.

The continuous concern for the production and marketing created the character of organisational discourse. The top executives attempted to create such an environment for the employees so that the employees' awareness and understanding of the notions of "quality", "healthy water" were developed. Mr. K often did sudden visits to the factory. During the visits, it was only to "quality" that he paid attention; he wanted to make sure that a good manufacturing practice, from which quality products come, was being undertaken.

In the Company, the domination of production and marketing leads to the absent of accounting in the organisational discourse, however. The language used in everyday discourse was nothing to do with accounting. Communication was based on "quality", "target", "clean", "good manufacturing practices". To the accounting members, these words were not of importance as their significance centred on production and marketing. While for the production and marketing managers, university graduated professionals were recruited, for accounting managerial position only in 1983 was an university student in accounting hired. Meanwhile, the department of accounting continued to do the same things; recording sales, debts,



expenditures, and incomes (cash). Whether the information produced would be useful or used by the executive was doubtful. The target of the accounting manager was to prepare annual standardised financial statements. The decision taken for such investments as introducing the new products and developing the new water sources did not come from accounting calculation, but it was "decision by feeling".

### Concluding Remarks

This paper is about a search for knowledge on the emerging process of an entrepreneurial firm and the [non]existence of accounting significance within such process. It tells a story about an entrepreneurial firm that concerns on the entrepreneuring process that produce and reproduce a concrete system of social action and interaction that leads to the emergence of the entrepreneurial firm, the Company. That social interaction is seen as a unique texturing process of an extension of motivation and competence from the main actor to others. Through this process of transfer, entrepreneurial motivation extended and a social network started to emerge. The entrepreneurial motivation through that continual social process becomes a drive for setting-up the business firm. Thus, that unique weaving process is a "connectedness in action," a continual process towards a single causal web of the new company with its product.

For all members of the Company, at least in the early years, introducing its product is something to do with the technicalities of production and marketing. Therefore, the pattern of social interaction formed between them is technically oriented. The emerging discourse on the organisational life then consists of technical vocabularies with no accounting significance. Therefore, the absence of accounting in the Company's organisational discourse at its earlier period is socially constructed. The absence is not only due to technical reasons as at that time the Company was at its early years when management might control everything directly. When the Company's management realised its long-term loss, the decision to triple the sale price did not have its reason on any accounting calculative action. The just start-up company did recruit university graduates for its production engineers and marketing managers, but just hired a university accounting student for leading the accounting unit. The accounting unit was expected only to be a financial report constructor and did not deliver any accounting vocabulary on the organisational discourse.

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